

Edgar Filing: BANCROFT FUND LTD - Form N-Q

BANCROFT FUND LTD
Form N-Q
April 01, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number: 811-02151

Bancroft Fund Ltd.

(Exact name of registrant as specified in charter)

65 Madison Avenue, Morristown, New Jersey 07960-7308

(Address of principal executive offices) (Zip code)

Thomas H. Dinsmore
Bancroft Fund Ltd.
65 Madison Avenue
Morristown, New Jersey 07960-7308
(Name and address of agent for service)

Copy to:
Steven B. King, Esq.
Ballard Spahr Andrews & Ingersoll, LLP
1735 Market Street, 51st Floor
Philadelphia, PA 19103-7599

Registrant's telephone number, including area code: 973-631-1177

Date of fiscal year end: October 31, 2008

Date of reporting period: January 31, 2008

ITEM 1. SCHEDULE OF INVESTMENTS.

BANCROFT FUND LTD.-----
PORTFOLIO OF INVESTMENTS January 31, 2008 (unaudited)-----

Principal
Amount

Convertible Bonds and Notes -- 54.5%
Aerospace and Defense -- 2.3%
\$ 1,000,000 Alliant Techsystems Inc. 2.75%, due 2011 cv. sr. sub. notes (B1)..... \$ 1

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1,500,000	DRS Technologies, Inc. 2%, due 2026 cv. sr. notes (B1).....	1
	(Acquired 01/30/06 - 05/16/07; Cost \$1,658,682) (1,2).....	2

	Computer Hardware -- 5.2%	
1,000,000	C&D Technologies, Inc. 5.25%, due 2025 cv. sr. notes (NR).....	1
2,000,000	Credit Suisse, New York Branch 14.00%, due 2008 equity-linked notes (NR) (exchangeable for Corning Inc. common stock).....	2
1,000,000	EMC Corp. 1.75%, due 2011 cv. sr. notes (BBB+).....	1
1,000,000	EMC Corp. 1.75%, due 2013 cv. sr. notes (BBB+).....	1
1,000,000	Richardson Electronics, Ltd. 8%, due 2011 cv. sr. sub. notes (NR).....	-----
		6

	Computer Software -- 2.8%	
1,000,000	Blackboard Inc. 3.25%, due 2027 cv. sr. notes (B-).....	-----
1,000,000	GSI Commerce, Inc. 2.5%, due 2027 cv. sr. notes (NR).....	3
1,500,000	Lehman Brothers Holdings Inc. 1%, due 2009 medium-term notes (A1) (performance linked to Microsoft Corp. common stock) (1).....	1

		3

	Consumer Goods -- 2.0%	
1,000,000	Chattem, Inc. 1.625%, due 2014 cv. sr. notes (NR).....	1
750,000	Church & Dwight Co., Inc. 5.25%, due 2033 cv. sr. deb. (Bal).....	1

		2

	Energy -- 4.8%	
1,000,000	Canadian Solar Inc. 6%, due 2017 cv. sr. notes (NR) (Acquired 12/04/07; Cost \$1,000,000) (2).....	-----
1,500,000	Covanta Holding Corp. 1%, due 2027 sr. cv. deb. (B1) (1).....	1
1,325,000	Oil States International, Inc. 2.375%, due 2025 contingent cv. sr. notes (NR)..	1
1,250,000	Rentech, Inc. 4%, due 2013 cv. sr. notes (NR).....	-----
1,000,000	USEC Inc. 3%, due 2014 cv. sr. notes (CCC).....	6

		6

	Financial Services -- 1.6%	
2,000,000	Euronet Worldwide, Inc. 3.50%, due 2025 cv. deb. (B+) (1).....	1

		1

	Foods -- 1.7%	
500,000	The Great Atlantic & Pacific Tea Company, Inc. 5.125%, due 2011 cv. sr. notes (Caal).....	-----
1,500,000	The Great Atlantic & Pacific Tea Company, Inc. 6.75%, due 2012 cv. sr. notes (Caal).....	1

		2

	Health Care -- 2.3%	
1,000,000	Omnicare, Inc. 3.25%, due 2035 cv. sr. deb. (B2) (1).....	-----
1,000,000	SonoSite Inc. 3.75%, due 2014 cv. sr. notes (NR).....	1
1,000,000	St. Jude Medical, Inc. 1.22%, due 2008 cv. sr. deb. (BBB+).....	1

		2

	Insurance -- 3.1%	
3,000,000	Prudential Financial, Inc. floating rate, due 2036 cv. sr. notes (A3).....	2
1,000,000	Prudential Financial, Inc. floating rate, due 2037 cv. sr. notes (A3) (Acquired 12/07/07; Cost \$988,750) (2).....	-----

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BANCROFT FUND LTD.-----
 PORTFOLIO OF INVESTMENTS January 31, 2008 (continued)-----

Principal Amount		V (N)
	CONVERTIBLE BONDS AND NOTES -- continued	
	Media and Entertainment -- 2.2%	
\$ 2,500,000	The Walt Disney Company 2.125%, due 2023 cv. sr. notes (A2).....	\$ 2
	Minerals and Mining -- 1.1%	
1,000,000	Newmont Mining Corp. 1.625%, due 2017 cv. sr. notes (BBB+).....	1
	Multi-Industry -- 3.3%	
750,000	Diversa Corp. 5.5%, due 2027 cv. sr. notes (NR) (exchangeable for Verenum Corp. common stock).....	
3,000,000	LSB Industries, Inc. 5.5%, due 2012 cv. sr. sub. deb. (NR) (Acquired 06/28/07; Cost \$3,000,000) (2).....	3
	Pharmaceuticals -- 7.6%	
2,000,000	Alza Corp. 0%, due 2020 cv. sub. deb. (Aa1) (exchangeable for Johnson & Johnson common stock).....	1
3,000,000	Bristol-Myers Squibb Co. floating rate, due 2023 cv. sr. deb. (A2).....	3
1,000,000	Mylan Inc. 1.25%, due 2012 sr. cv. notes (B-).....	
1,500,000	Teva Pharmaceutical Finance Co. B.V. 1.75%, due 2026 cv. sr. deb. (Baa2) (exchangeable for Teva Pharmaceutical Industries Ltd. ADR).....	1
2,000,000	Wyeth floating rate, due 2024 cv. sr. deb. (A3).....	2
	Real Estate -- 0.8%	
1,000,000	ProLogis 2.25%, due 2037 cv. sr. notes (BBB+) (Acquired 03/20/07 - 04/16/07; Cost \$982,038) (2).....	
	Semiconductors -- 6.2%	
2,500,000	Agere Systems Inc. 6.5%, due 2009 cv. sub. notes (B+) (exchangeable for LSI Corp.).....	2
1,000,000	Cypress Semiconductor Corp. 1%, due 2009 cv. sr. notes (NR).....	1
2,000,000	Fairchild Semiconductor Corp. 5%, due 2008 cv. sr. sub. notes (B) (exchangeable into Fairchild Semiconductor International, Inc. common stock)..	2
2,000,000	Intel Corp. 2.95%, due 2035 jr. sub. cv. deb. (A-) (1).....	2

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	Telecommunications -- 5.2%	
500,000	ADC Telecommunications Inc. 3.50%, due 2015 cv. sub. notes (NR).....	1
1,000,000	ADC Telecommunications Inc. 3.50%, due 2017 cv. sub. notes (NR).....	1
1,000,000	Anixter International Inc. 1%, due 2013 sr. cv. notes (BB-).....	1
2,000,000	Equinix, Inc. 2.5%, due 2012 cv. sub. notes (CCC+).....	1
1,000,000	General Cable Corp. 1%, due 2012 sr. cv. notes (B1).....	1
1,000,000	SAVVIS, Inc. 3%, due 2012 cv. sr. notes (NR).....	6
	Transportation -- 1.6%	
2,000,000	ExpressJet Holdings, Inc. 4.25%, due 2023 cv. notes (NR).....	1
	Travel and Leisure -- 0.6%	
1,000,000	Morgans Hotel Group 2.375%, due 2014 sr. sub. cv notes (NR) (Acquired 10/11/07 - 10/12/07; Cost \$1,026,250) (2).....	
	TOTAL CONVERTIBLE BONDS AND NOTES.....	\$ 67

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BANCROFT FUND LTD.-----
 PORTFOLIO OF INVESTMENTS January 31, 2008 (continued)-----

Principal Amount		V (N)
-----		-----
	CORPORATE BONDS AND NOTES -- 1.2%	
	Retail -- 1.2%	
\$ 1,500,000	Amerivon Holdings LLC 4%, due 2010 units (NR) (Acquired 06/01/07; Cost \$1,500,000) (2,3).....	\$ 1
Shares		

	CONVERTIBLE PREFERRED STOCKS -- 9.5%	
	Aerospace and Defense -- 0.2%	
40,000	Ionatron, Inc. 6.5% series A redeemable cv. pfd. (NR) (Acquired 10/27/05; Cost \$1,000,000) (2).....	
	Banking/Savings and Loan -- 4.1%	
59,179	New York Community Bancorp, Inc. 6% BONUSSES units (Baal).....	2
20,000	Sovereign Capital Trust IV 4.375% PIERS (Baal) (exchangeable for Sovereign Bancorp, Inc. common stock) (1).....	
1,200	Washington Mutual, Inc. 7.75% series R non-cumulative perpetual cv. pfd. (Ba1).	1
		5

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	Chemicals -- 1.5%		
40,000	Celanese Corp. 4.25% cv. perpetual pfd. (NR).....		1
	Finance -- 0.4%		
10,000	Citigroup Inc. 6.5% depository shares (representing series T non-cumulative cv. pfd.) (A2).....		
	Energy -- 2.7%		
27,800	Chesapeake Energy Corp. 4.5% cum. cv. pfd. (B+).....		2
9,000	PetroQuest Energy, Inc. 6.875% cum. cv. perpetual pfd. (NR).....		
	Telecommunications -- 0.5%		
100	Medis Technologies Ltd. 7.25% series A cum. cv. perpetual pfd. (NR).....		
	TOTAL CONVERTIBLE PREFERRED STOCKS.....	\$ 11	
	MANDATORY CONVERTIBLE SECURITIES -- 22.1% (4)		
	Consumer Goods -- 2.5%		
30,000	Avery Dennison Corp. 7.875%, due 11/15/10 mandatory cv. pfd. (BBB-).....		1
1,750	The Stanley Works floating rate, due 05/17/12 equity units (A2).....		1
	Energy -- 6.2%		
30,000	Bristow Group Inc. 5.5%, due 09/15/09 mandatory cv. pfd. (B).....		1
10,000	McMoRan Exploration Co. 6.75%, due 11/15/10 mandatory cv. pfd. (NR).....		1
2,000	Merrill Lynch & Co., Inc. 5.4%, due 09/27/10 PRIDES (A+) (linked to the performance of ConocoPhillips common stock).....		1
41,135	Merrill Lynch & Co., Inc. 12%, due 06/27/08 capped appreciation notes (NR) (linked to the performance of Tesoro Corp. common stock).....		1
47,138	NATIXIS Financial Products Inc. 11.25%, due 10/28/08 mandatory trigger exchangeable notes (NR) (exchangeable for Nabors Industries, Inc. common stock) (Acquired 01/23/08; Cost \$1,137,906) (2).....		1

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BANCROFT FUND LTD.-----
 PORTFOLIO OF INVESTMENTS January 31, 2008 (continued)-----

Shares

MANDATORY CONVERTIBLE SECURITIES -- continued

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Foods -- 1.0%			
50,000	Lehman Brothers Holdings Inc. 6%, due 10/12/10 PIES (A1) (exchangeable for General Mills, Inc. common stock).....	\$	1
Health Care -- 1.1%			
33,950	NATIXIS Financial Products Inc. 9%, due 04/22/08 mandatory trigger exchangeable notes (NR) (exchangeable for St. Jude Medical, Inc. common stock) (Acquired 10/17/07; Cost \$1,533,182) (2).....		1
Insurance -- 4.9%			
4,000	Alleghany Corp. 5.75%, due 06/15/09 mandatory cv. pfd. (BBB-).....		1
75,000	Citigroup Funding Inc. variable rate, due 10/27/08 exchangeable notes (Aa3) (exchangeable for Genworth Financial, Inc. common stock).....		1
70,000	MetLife, Inc. 6.375%, due 08/15/08 common equity units (BBB+).....		2
52,500	XL Capital Ltd. 7%, due 02/15/09 equity security units (A3).....		2
Minerals and Mining -- 4.0%			
20,000	Freeport-McMoRan Copper & Gold Inc. 6.75%, due 05/01/10 mandatory cv. pfd. (B+).....		2
30,000	Vale Capital Ltd. 5.5%, due 06/15/10 mandatory convertible notes (NR) (exchangeable for Companhia Vale do Rio Doce ADS).....		1
10,000	Vale Capital Ltd. 5.5%, due 06/15/10 mandatory convertible notes (NR) (exchangeable for Companhia Vale do Rio Doce Preference A ADS).....		1
Pharmaceuticals -- 2.3%			
1,000	Mylan Inc. 6.5%, due 11/15/10 mandatory cv. pfd. (B-).....		1
9,500	Schering-Plough Corp. 6%, due 08/13/10 mandatory cv. pfd. (Baa3).....		1
TOTAL MANDATORY CONVERTIBLE SECURITIES (4).....		\$	27
COMMON STOCKS -- 0.0%			
Aerospace and Defense -- 0.0%			
6,330	Ionatron, Inc. (5).....		1

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BANCROFT FUND LTD.-----
 PORTFOLIO OF INVESTMENTS January 31, 2008 (continued)-----

Principal

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Amount	(N
-----	----

SHORT-TERM SECURITIES -- 8.9%	
Commercial Paper -- 8.9%	
\$11,100,000 American Express Credit Corp. 3%, due 02/01/08 (P1).....	\$ 11

Total Convertible Bonds and Notes -- 54.5%.....	\$ 67
Total Corporate Bonds and Notes -- 1.2%.....	1
Total Convertible Preferred Stocks -- 9.5%.....	11
Total Mandatory Convertible Securities -- 22.1%.....	27
Total Common Stocks -- 0.0%.....	11
Total Short-Term Securities -- 8.9%.....	11

Total Investments -- 96.2%.....	119

Other assets and liabilities, net -- 3.8%.....	4

Total Net Assets -- 100.0%.....	\$124
	=====

- (1) Contingent payment debt instrument which accrues contingent interest. See Note 2.
- (2) Security not registered under the Securities Act of 1933, as amended (i.e., the security was purchased in a Rule 144A or a Regulation D transaction). The security may be resold only pursuant to an exemption from registration under the Securities Act of 1933, typically to qualified institutional buyers. The Fund generally has no rights to demand registration of these securities. The aggregate market value of these securities at January 31, 2008 was \$13,226,567 which represented 10.6% of the Fund's net assets.
- (3) Investment is a restricted security, valued at fair value as determined in good faith in accordance with procedures adopted by the Board of Trustees. It is possible that the estimated value may differ significantly from the amount that might ultimately be realized in the near term, and the difference could be material. The fair value of this security represented 1.2% of the Fund's net assets.
- (4) These securities are required to be converted on the dates listed; they generally may be converted prior to these dates at the option of the holder.
- (5) Non-income producing security.

ADR American Depositary Receipts.
 ADS American Depositary Shares.
 BONUSES Bifurcated Option Note Unit Securities.
 PIERS Premium Income Exchangeable Securities.
 PIERS Preferred Income Equity Redeemable Securities.
 PRIDES Preferred Redeemable Income Dividend Equity Securities.

Ratings in parentheses by Moody's Investors Service, Inc. or Standard & Poor's. NR is used whenever a rating is unavailable.

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Summary of Portfolio Ratings

	% of Portfolio
Aa	3
A	20
Baa	17
Ba	4
B	21
Caa	5
NR	30

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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BANCROFT FUND LTD.-----
 SELECTED NOTES TO FINANCIAL STATEMENTS (UNAUDITED)-----

Bancroft Fund Ltd. (established in 1971) (the "Fund"), is registered under the Investment Company Act of 1940 as a diversified, closed-end management investment company.

Note 1. Security Valuation - Investments in securities traded on a national securities exchange are valued at market using the last reported sales price as of the close of regular trading. Listed securities for which no sales were reported are valued at the mean between closing reported bid and asked prices as of the close of regular trading. Unlisted securities traded in the over-the-counter market are valued using an evaluated quote provided by an independent pricing service, or, if an evaluated quote is unavailable, such securities are valued using prices received from dealers, provided that if the dealer supplies both bid and asked prices, the price to be used is the mean of the bid and asked prices. The independent pricing service derives an evaluated quote by obtaining dealer quotes, analyzing the listed markets, reviewing trade execution data and employing sensitivity analysis. Evaluated quotes may also reflect appropriate factors such as individual characteristics of the issue, communications with broker-dealers, and other market data. Securities for which quotations are not readily available, restricted securities and other assets are valued at fair value as determined in good faith pursuant to procedures approved by the Board of Trustees. Short-term debt securities with original maturities of 60 days or less are valued at amortized cost.

Note 2. Securities Transactions and Related Investment Income - Security transactions are accounted for on the trade date (date the order to buy or sell is executed) with gain or loss on the sale of securities being determined based upon identified cost. Dividend income is recorded on the ex-dividend date and interest income is recorded on the accrual basis, including accretion of discounts and amortization of non-equity premium. For certain securities, known as "contingent payment debt instruments," Federal tax regulations require the Fund to record non-cash, "contingent" interest income in addition to interest income actually received.

At January 31, 2008 unrealized appreciation (depreciation) of investment securities on a tax basis were as follows:

Unrealized appreciation	\$ 6,682,758
Unrealized depreciation	(6,897,567)

Net unrealized depreciation	(214,809)
	=====

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Cost for federal income tax purposes \$120,071,221
=====

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ITEM 2. CONTROLS AND PROCEDURES.

Conclusions of principal officers concerning controls and procedures

(a) The Registrant's principal executive officer and principal financial officer, or persons performing similar functions, have concluded that the Registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "Act"), (17 CFR 270.30a-3(c))) are effective as of February 27, 2008 based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the Act and Rule 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.15d-15(b)).

(b) There have been no changes in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Act (17 CFR 270.30a-3(d))) that occurred during the Registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

ITEM 3. EXHIBITS.

Separate certifications of the principal executive officer and the principal financial officer of the Registrant, as required by Rule 30a-2(a) under the Act, are filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Bancroft Fund Ltd.

By: /s/Thomas H. Dinsmore
Thomas H. Dinsmore
Chairman of the Board and
Chief Executive Officer
(Principal Executive Officer)

Date: March 31, 2008

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/Thomas H. Dinsmore
Thomas H. Dinsmore
Chairman of the Board and
Chief Executive Officer
(Principal Executive Officer)

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Date: March 31, 2008

By: /s/Gary I. Levine
Gary I. Levine
Chief Financial Officer
(Principal Financial Officer)

Date: March 31, 2008